



# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION

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### FINANCE

#700-03

### ACCOUNTS RECEIVABLE AND DEBT COLLECTION

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APPROVED BY: 

#### I. HISTORY

This policy replaces Finance Policies #700-03, Accounts Receivable and Debt Collection dated May 16, 2000 and #700-05, Set-Off Collection Procedures effective February 10, 1999.

#### II. PURPOSE

The purpose of this policy is to document the Department's procedures for managing and collecting accounts receivable as required by the State Comptroller. Receivables associated with travel advances are addressed in Finance Policy #700-01, Travel.

#### III. POLICY

The Department of Professional and Occupational Regulation shall take all appropriate and cost effective actions to aggressively collect its accounts receivable in accordance with § 20505 of the *Commonwealth Policy and Procedures (CAPP) Manual*

#### IV. DEFINITIONS

Accounts Receivable

Any amount owed to the Department, including monetary penalties, recovery fund payments and miscellaneous receivables arising from the sale of goods or services.

Commonwealth Policies  
and Procedures (CAPP)  
Manual

Official state policies governing the reporting, management and collection of accounts receivable published by the Department of Accounts and available online at:

<http://www.doa.state.va.us/procedures/AdminServices/capp/pdfdocs/20505.pdf>.

Debt Set-Off	A program administered by the Department of Taxation in accordance with § 58.1-520 Et seq. of the <i>Code of Virginia</i> that intercepts state tax refunds and vendor payments and uses them to offset debts owed to state agencies.
Monetary Penalties	Penalties assessed against licensees under § 54.1-202 of the <i>Code of Virginia</i> for the violation of any statute or regulation pertaining to a regulatory board of the Department.
Other Receivables	Amounts owed for services rendered, such as Freedom of Information Act (FOIA) requests and other miscellaneous billings.
Recovery Fund Payments	Amounts owed for Recovery Fund claims paid in accordance with § 54.1-1118 and § 54.1-2112 of the <i>Code of Virginia</i> . The receivable balance shall include the full amount paid from the Recovery Fund plus interest accrued from the date of payment.

## **V. PROCEDURES**

### **A. MONETARY PENALTIES**

The board sections shall monitor the status of all unpaid orders. If payment has not been received by the established due date, the Board shall suspend the debtor's license until full payment is received and shall refer the account to Finance for collection within 30 days of the payment due date. The Finance Section shall initiate collection efforts against the debtor within 60 days of the due date as required by the CAPP Manual.

### **B. RECOVERY FUND PAYMENTS**

The Finance Section will pay all Recovery Fund claims in accordance with the terms of the order and shall notify the board section responsible for revoking the regulant's license. The Finance Section shall initiate collection efforts against the debtor within 60 days of the payment due date as required by the CAPP Manual.

Pursuant to § 54.1-1126 and § 54.1-2119 of the *Code of Virginia*, the Department shall assess interest on all Recovery Fund accounts. Interest is assessed using the United States Internal Revenue Service underpayment rate for individuals, which is updated every three months. Current rates are available on the IRS web site under [News Releases and Fact Sheets](#), Quarterly Interest Rates.

### C. OTHER RECEIVABLES

The Public Records Section shall be responsible for billing and collecting all miscellaneous receivables. The section shall report any unpaid accounts to the Finance Section on the last day of each quarter. In the event that Public Records is unable to obtain payment from the debtor, the account and all supporting documentation shall be forwarded to Finance for further collection efforts.

### D. DISHONORED CHECKS

In the event that a check or other financial instrument is not honored by the payer's bank, the Department shall suspend the related license, certificate or registration in accordance with § 54.1-104 of the *Code of Virginia*. The Department shall notify the license, certificate or registration holder of the dishonored check but such checks do not constitute a receivable and no other collection efforts shall be performed.

### E. COLLECTIONS

Debtors must pay the full amount owed on or before the payment due date unless the order states otherwise. In the event the debtor pays less than the full amount due, the Department will receipt the funds and apply it to the appropriate account. Such receipt does not constitute an installment agreement and will not prevent or stop outside collection efforts. In addition, the debtor's license shall remain suspended until the account is paid in full.

Partial payments in disciplinary cases will be applied to costs first and penalties second. All collections on monetary penalties will be deposited to the State Literary Fund in accordance with § 19.2-353 of the *Code of Virginia*. Partial payments in recovery cases will be applied to accrued interest first and then towards the principal balance.

### F. DEBT SET-OFF

#### 1. Program Participation

As part of its collection efforts, the Finance Section shall list all delinquent accounts with the state Debt Set-Off Program. If the debtor is not listed in the state tax rolls, the Department shall refer the account to the Tax Fraud Unit at the Department of Taxation for follow-up.

#### 2. Debtor Notification

When the Finance Section receives notice of a set-off match, the section shall notify the debtor of their intention to apply the refund or payment to the debt within ten days of the date of notice. The notice shall inform the debtor of their right to a hearing to contest the claim.

If the debtor requests a set-off hearing, the Finance Section shall select a Presiding Officer that has no prior involvement in the circumstances that culminated in the dispute. The Presiding Officer shall establish a date, time and place for the hearing and shall notify the debtor of these facts using certified mail within ten days of receiving the hearing request.

### 3. Hearing Procedures

The Presiding Officer shall conduct the Set-Off Hearing on the appointed date. The scope of the hearing shall be limited to determining whether the set-off is an obligation that remains due and owed to the Department. The underlying basis of the debt shall not be addressed in the Set-Off Hearing.

A representative from the Finance Section shall attend the hearing to present the Department's evidence and may call witnesses on the Department's behalf. The debtor shall also be allowed to submit evidence relevant to the matter and to call witnesses. A tape recorder or court reporter shall provide a record of the proceedings.

The Presiding Officer shall consider all the evidence presented at the hearing and shall make a determination as to whether the Department is entitled to the amount held in set-off. While usually made at the conclusion of the hearing, the Presiding Officer may elect to delay the decision if additional information is needed. In such cases, the Presiding Officer shall notify the debtor of the hearing outcome within three days of receiving the additional information. The Finance Section shall finalize the claim in the tax set-off system within three business days of receiving the final decision from the set-off hearing.

### 4. Failure to Appear

The debtor's failure to appear at the hearing at the appointed time and place shall result in a waiver of the opportunity to contest the claim and final set-off shall be awarded by default.

### 5. Appeal/Grievance Procedures

The decision of the Presiding Officer shall be final. However, this does not prevent the debtor from appealing the decision in circuit court as provided in § 58.1-527 of the *Code of Virginia*. All appeals must be filed in circuit court within thirty days of the Department's decision.

#### G. BANKRUPTCY STAYS

Bankruptcy law requires that the Department suspend collection efforts against individuals or companies that have filed bankruptcy. Employees should forward a copy of all bankruptcy notices to the Fiscal Director upon receipt (including those received through the Recovery Fund process). Within 48 hours of receiving Notice of Bankruptcy, the Finance Section shall suspend all collection efforts and notify any outside collection agents to return the account pending the bankruptcy conclusion. The Finance Section shall take appropriate action to protect the Department's interests during the bankruptcy proceedings.

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